By: Senator(s) Jackson (15th)

To: Judiciary, Division B

## SENATE BILL NO. 2524

AN ACT TO CREATE THE MISSISSIPPI PRIVATE INVESTIGATORS 1 LICENSING AND REGULATORY ACT"; TO MAKE IT UNLAWFUL FOR ANY PERSON 2 3 TO ACT AS AN INVESTIGATIONS COMPANY OR PRIVATE INVESTIGATOR 4 WITHOUT FIRST HAVING OBTAINED A LICENSE FROM THE COMMISSION; TO PROVIDE THE QUALIFICATIONS FOR SUCH LICENSE; AND FOR RELATED 5 6 PURPOSES. 7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI: SECTION 1. Short title. This act shall be known and may be 8 9 cited as the "Mississippi Private Investigators Licensing and 10 Regulatory Act." SECTION 2. Definitions. As used in this act, unless the 11 context otherwise requires: 12 13 "Branch manager" means the individual who is (a) immediately responsible for the operation of a branch office; 14 (b) "Branch office" means any office of an 15 investigations company within this state other than its principal 16 17 place of business within this state; 18 (C) "Commission" means the Mississippi Private Investigation Commission; 19 "Commissioner" means the Commissioner of Insurance 20 (d) of the State of Mississippi; 21 22 (e) "Identification card" means a pocket card issued by the commissioner evidencing that the holder has met the 23 24 qualifications required by this act to perform the duties of a 25 private investigator in this state; "Investigations company" means any person who 26 (f) 27 engages in the business or accepts employment to obtain or furnish information with reference to: 28

29 Crime or wrongs done or threatened against the (i) 30 United States or any state or territory of the United States; (ii) The identity, habits, conduct, business, 31 32 occupation, honesty, integrity, credibility, knowledge, 33 trustworthiness, efficiency, loyalty, activity, movement, 34 whereabouts, affiliations, associations, transactions, acts, 35 reputations or character of any person; 36 (iii) The location, disposition or recovery of lost or stolen property; 37 38 (iv) The cause or responsibility for fires, 39 libels, losses, accidents, damages or injuries to persons or to property; or 40 41 (v) The securing of evidence to be used before any 42 court, board, commission, officer or investigating committee; 43 "Licensee" means any investigations company and (g) private investigator licensed in accordance with the provisions of 44 45 this act; 46 (h) "Person" means any individual, firm, association, 47 company, partnership, corporation, non-profit organization, 48 institution or similar entity; "Principal corporate officer" means the chief 49 (i) 50 executive officer, president, vice president, treasurer, secretary, or comptroller of the treasury, as well as any other 51 52 responsible officer or executive employee who performs functions 53 for the corporation corresponding to those performed by the foregoing officers; 54 55 (j) "Private investigator" means any person who 56 performs one or more services as described in paragraph (f); and 57 "Qualifying agent" means a principal corporate (k) officer meeting the qualifications set forth in this act for 58 59 operating an investigations company. 60 SECTION 3. (1) There is hereby established a Private Investigation Commission consisting of three (3) members who shall 61 \*SS26/R224.1\* S. B. No. 2524 06/SS26/R224.1

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be citizens of the United States and residents of the state for at 62 63 least two (2) years prior to appointment, and at the time of 64 appointment are active investigators. No two (2) commission 65 members may be employed by the same person or agency. The members 66 shall be appointed by the Governor of the State of Mississippi 67 with the advice and consent of the Senate for a term of six (6) years. The terms of office of members appointed to the initial 68 board are one (1) for two (2) years; one (1) for four (4) years; 69 70 and one (1) for six (6) years. Any vacancy in an unexpired term shall be filled by appointment of the Governor with the advice and 71 72 consent of the Senate for the unexpired term.

73 (2) The board shall elect a chairman, vice chairman and74 secretary from among its members.

75 (3) The vote of a majority of the board members is
76 sufficient for passage of any business or proposal which comes
77 before the board.

78 (4) The members of the board shall receive Twenty-two
79 Dollars and Fifty Cents (\$22.50) per diem for each day spent in
80 the actual discharge of their duties.

81 <u>SECTION 4.</u> License required. (1) Except as otherwise 82 provided in this act, it is unlawful for any person to act as an 83 investigations company or private investigator, without first 84 having obtained a license from the commission.

85 (2) Every private investigator licensed in accordance with
86 this act shall maintain a place of business at an investigations
87 company which has been duly licensed by the commission.

(3) In the event an applicant for an investigations company license maintains more than one (1) place of business within the state, the applicant shall apply for and obtain a branch office license for each branch office, in addition to the company license for the principal place of business.

93 (4) (a) A private investigator may retire the license
94 issued in accordance with this act by making such request in
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06/SS26/R224.1 PAGE 3 95 writing and paying the appropriate fees set by the commission.
96 The written request must be accompanied by the license certificate
97 and pocket card. The retiree shall be responsible for notifying
98 the commission of any change in address. Only licenses that are
99 current and in good standing with the commission may be retired.
100 No retired licensee may engage in any act defined in Section 2 of
101 this act.

(b) A retired license shall not be reactivated unless the licensee shows proof of completion of continuing education requirements as provided in Section 23 of this act sufficient to meet a licensee's current requirements. Upon receipt of proof of such requirements and payment of appropriate fees set by the commission, a retired license shall automatically be changed from retired to active.

109 <u>SECTION 5.</u> Investigations company license; application. (1) 110 An application for an investigations company license shall be 111 filed with the commission on the prescribed form. The application 112 shall include:

113 (a) The full name and business address of the 114 applicant; or

(i) If the applicant is a partnership, the name and address of each partner; or

(ii) If the applicant is a corporation, the name and address of the qualifying agent;

119 (b) The name under which the applicant intends to do 120 business;

121 (c) The address of the principal place of business and122 all branch offices of the applicant within this state;

(d) Individual applicant; or, if the applicant is a partnership, as to each partner; or, if the applicant is a corporation, as to the qualifying agent, the following information:

127 (i) Full name; S. B. No. 2524 \*SS26/R224.1\* 06/SS26/R224.1 PAGE 4 128 (ii) Date and place of birth; 129 (iii) All residences during the immediate past five (5) years; 130 131 (iv) All employment or occupations engaged in 132 during the immediate past five (5) years; 133 (v) Three (3) sets of classifiable fingerprints; 134 (vi) Three (3) credit references from lending 135 institutions or business firms with whom the subject has established a credit record; and 136 (vii) A list of all convictions and pending 137 138 charges of the commission of a felony or misdemeanor in any jurisdiction; 139 140 (e) If the applicant is a corporation, the following 141 information: 142 The correct legal name of the corporation; (i) 143 (ii) The state and date of incorporation; 144 (iii) The date the corporation qualified to do 145 business in this state; 146 (iv) The address of the corporate headquarters, if 147 located outside of this state; and 148 (v) The names of two (2) principal corporate 149 officers other than the qualifying agent, and the business 150 address, residence address and the office held by each in the corporation; and 151 152 (f) Such other information as the commission may reasonably require. 153 The application shall be subscribed and sworn to: 154 (2)155 By the applicant, if the applicant is an (a) 156 individual; 157 By each partner, if the applicant is a partnership; (b) 158 or 159 (C) By the qualifying agent, if the applicant is a 160 corporation. \*SS26/R224.1\* S. B. No. 2524 06/SS26/R224.1 PAGE 5

161 (3) Any individual signing the application must be at least 162 twenty-one (21) years of age.

163 <u>SECTION 6.</u> Investigations company license; applicants; 164 requirements. Each individual applicant; or, if the applicant is 165 a partnership, each partner; or, if the applicant is a 166 corporation, the qualifying agent, must:

167 (a) Be at least twenty-one (21) years of age;
168 (b) Be a citizen of the United States or a resident
169 alien;

(c) Not have been declared by any court of competent jurisdiction incompetent by reason of mental defect or disease unless a court of competent jurisdiction has since declared the applicant competent;

174 (d) Not be suffering from habitual drunkenness or175 narcotics addiction or dependence;

176 (e) Be of good moral character; and

(f) Pass an examination to be administered at least twice annually by the commission designed to measure knowledge and competence in the investigations field.

180 <u>SECTION 7.</u> Private investigator license; applicants; 181 requirements; apprentice status. (1) Each applicant for a 182 private investigator license must:

183 (a) Be at least twenty-one (21) years of age;
184 (b) Be a citizen of the United States or a resident
185 alien;

186 (c) Not have been declared by any court of competent 187 jurisdiction incompetent by reason of mental defect or disease 188 unless a court of competent jurisdiction has since declared the 189 applicant competent;

190 (d) Not be suffering from habitual drunkenness or191 narcotics addiction or dependence;

192

(e) Be of good moral character; and

(f) Pass an examination to be administered at least twice annually by the commission, designed to measure knowledge and competence in the investigations field.

(2) The commission shall grant apprentice status, by
correspondence, to an applicant for an individual investigator's
license; provided, that the applicant is employed by an
investigative company. The apprentice is enjoined from working
without the direct supervision of a licensed investigator until
such time as the apprentice's license application is fully
processed.

203 (3) An apprenticeship may not commence until the sponsoring 204 company has submitted a notice of intent to sponsor. Such notice 205 shall be by written endorsement to the application of the 206 apprentice.

207 (4) An apprentice status shall be limited to six (6) months
208 and a person shall be able to apply for an apprentice status only
209 once.

210 (5) Apprenticeship is intended to serve as a learning Sponsors shall assume a training status by providing 211 process. direction and control of the apprentice. No sponsor may sponsor 212 more than six (6) apprentices at one time. The sponsor shall 213 214 certify completion of training or the termination of the 215 apprentice within fifteen (15) days of such action. The report shall be in such form as may be required by the commission, but 216 217 shall include as a minimum the following:

218

(a) The inclusive dates of the apprenticeship;

(b) A narrative explaining the primary duties, types of
experiences gained and the scope of the training received; and

(c) An evaluation of the performance of the apprenticeand a recommendation regarding future licensing.

223 <u>SECTION 8.</u> Commission; investigation of applications;
224 issuance of license; notification of denial; identification card.
225 (1) Upon receipt of an application for a license, accompanied by
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226 a nonrefundable, nonproratable application fee as set by the227 commission according to the following schedule:228 Private investigator license\$\_\_\_\_\_

229 Company license

230 Number of private investigators

231 Employed by company

232Sole practitioner private investigator\$\_\_\_\_\_233Two to five (2-5) employees\$\_\_\_\_\_234Over five (5) employees\$\_\_\_\_\_

235 the commission shall:

(a) Conduct an investigation to determine whether thestatements made in the application are true;

238 (b) Request that the Department of Public Safety 239 compare the fingerprints submitted with the application to fingerprints filed with the Department of Public Safety. On 240 241 subsequent applications, the Department of Public Safety shall, at the request of the commission, review its criminal history files, 242 243 based upon the name, date of birth, sex and race, and social 244 security number of an applicant whose fingerprints have previously 245 been submitted to the bureau, for any new information since the 246 date of the fingerprint comparison, and shall furnish any 247 information thereby derived to the commission; and

(c) Submit the fingerprints to the Federal Bureau of
Investigation for a search of its files to determine whether the
individual fingerprinted has any recorded convictions.

(2) The commission shall issue a license, in a form which the commission shall prescribe, to qualified applicants upon receipt of a nonrefundable, nonproratable fee as set by the commission in accordance with the following schedule:

255 Private investigator license

\$\_\_\_\_\_

256 Company license

257 Number of private investigators

258 Employed by company

259

Sole practitioner private investigator

Two to five (2-5) employees

260

261 Over five (5) employees

(3) If an application for a license is denied, the commission shall notify the applicant in writing and shall set forth the grounds for denial. If such grounds are subject to correction by the applicant, the notice of denial shall so state and specify a reasonable period of time within which the applicant must make the required correction.

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(4) The commission shall issue with every private
investigator license an identification card that shall contain at
least the following information:

- 271 (a) Name;
- 272 (b) Photograph;

(e)

273 (c) Physical characteristics;

274 (d) Private investigator license number; and

275

(5) The identification card shall be issued in awallet-sized card and shall be permanently laminated.

(6) The identification card shall be carried on the personof the licensee when engaged in the activities of the licensee.

Expiration date of license.

(7) An application shall be accompanied by a notarized
statement sworn to by the applicant as to the identity and number
of private investigators employed by or affiliated with such
investigation company. Making a false statement shall be
punishable by a civil penalty not to exceed One Thousand Dollars
(\$1,000.00) and assessment of the maximum application fee.

286 <u>SECTION 9.</u> Posting of license. Every license issued under 287 this act shall be posted conspicuously in the licensee's principal 288 place of business.

289SECTION 10.License not transferable or assignable.No290license issued under this act shall be transferable or assignable.

291 <u>SECTION 11.</u> Renewal; validity. (1) A license, or renewal 292 thereof, issued under this part, shall be valid for a period of 293 two (2) years from the date of issuance. The commission shall 294 provide each licensee with a renewal application form sixty (60) 295 days prior to the expiration of the license.

(2) The fee for the timely renewal of a license shall be asset by the commission in accordance with the following schedule:

298Private investigator license\$\_\_\_\_\_

299 Company license

300 Number of private investigators

301 Employed by company

302Sole practitioner private investigator\$\_\_\_\_\_303Two to five (2-5) employees\$\_\_\_\_\_304Over five (5) employees\$\_\_\_\_\_

A penalty as prescribed by the commission will be assessed on any renewal application postmarked after the expiration date of the license.

308 (3) No renewal application will be accepted more than thirty309 (30) days after the expiration date of the license.

310 (4) A renewal application shall be accompanied by a 311 notarized statement sworn to by the applicant as to the identity 312 and number of private investigators employed by or affiliated with 313 such investigations company. Making a false statement shall be 314 punishable by a civil penalty not to exceed One Thousand Dollars 315 (\$1,000.00) and assessment of the maximum renewal fee.

316 <u>SECTION 12.</u> Termination of duties; notice; substitute agent. 317 (1) If the qualifying agent of a licensee ceases to perform that 318 agent's duties on a regular basis, the licensee shall:

319 (a) Within thirty (30) days, notify the commission by320 certified or registered mail; and

321 (b) Within three (3) months, obtain a substitute322 qualifying agent.

323 (2) The commission may, in its discretion, extend the period324 for obtaining a substitute qualifying agent for a reasonable time.

325 <u>SECTION 13.</u> Notice to the commission; when required. A 326 licensee shall notify the commission in writing within thirty (30) 327 days of:

328 (a) Any change in the qualifying agent or principal329 corporate officers identified in its application for license;

330 (b) Any material change in the information previously331 furnished or required to be furnished to the commission;

(c) Any occurrence which could reasonably be expected to affect the licensee's right to a license under this act, including, but not limited to, any criminal charges placed against any licensee by any person. An investigative company must also, within thirty (30) days, notify the commission of any criminal charges placed against any investigator employed by or affiliated with such company; or

339 (d) Any judgment received by any person for punitive340 damages against any licensee.

SECTION 14. Investigations company; change in ownership. 341 342 (1)If the ownership of an investigations company changes, the 343 new owner, if not already a licensee, may not operate that company 344 more than thirty (30) days after the date of such change of 345 ownership unless, within such thirty-day period, the new owner submits an application for a license. If such application is 346 347 submitted, the new owner may continue to operate such company until the application has been finally determined by the 348 349 commission.

350 (2) For good cause, the commission may extend the period for
 351 submitting an application pursuant to subsection (1) for a
 352 reasonable time.

353 <u>SECTION 15.</u> Revocation of license. (1) The commission may 354 suspend, revoke or refuse to issue or renew any license hereunder 355 upon finding that the holder or applicant has:

356 Violated any provision of this act, or any rule (a) promulgated hereunder; 357

Practiced fraud, deceit or misrepresentation; 358 (b) 359 Knowingly and willfully made a material (C) 360 misstatement in connection with an application for a license or 361 renewal;

362 (d) Been convicted by a court of competent jurisdiction of a felony or a misdemeanor, if the commission finds that such 363 364 conviction reflects unfavorably on the fitness for such license; 365 or

366 (e) Committed any act which would have been cause for 367 refusal to issue such license or registration card had it existed 368 and been known to the commission at the time of issuance.

369 In addition to or in lieu of any other lawful (2) 370 disciplinary action under this section, the commission may assess 371 a civil penalty not exceeding Two Thousand Dollars (\$2,000.00).

(3) A license shall be subject to expiration and renewal 372 373 during any period in which the license is suspended.

374 SECTION 16. Municipality or county; licensing requirement 375 prohibited; business tax permitted. (1) No licensee or 376 registrant shall be required to obtain any authorization, permit 377 or license from, or pay any other fee or post a bond in, any 378 municipality, county or other political subdivision of this state to engage in any business or activity regulated under this act. 379

380 (2) Notwithstanding subsection (1), a municipality, county or other political subdivision of this state may impose a bona 381 382 fide business tax.

383 SECTION 17. Reciprocal agreements. The commission may 384 negotiate and enter into reciprocal agreements with appropriate 385 officials in other states to permit licensed investigations 386 companies and private investigators who meet or exceed the 387 qualifications established in this act to operate across state 388 lines under mutually acceptable terms.

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389 <u>SECTION 18.</u> Act; distribution of copies. The commission 390 shall provide a copy of this act and any rules promulgated 391 hereunder as may be amended, to:

392 (a) Each licensee every two (2) years at no charge; and
393 (b) Any other person, upon request, for such reasonable
394 fee as the commission may fix.

395 <u>SECTION 19.</u> Violations. No individual licensed as an 396 investigations company or a private investigator in Mississippi 397 shall:

398 (a) In order to obtain employment, knowingly make a
399 material misrepresentation as to such person's ability to perform
400 the investigation required by a potential client;

401 (b) Make unsubstantial monetary charges to a client for402 services not rendered or transportation not utilized;

403 (c) Knowingly make a false report to a client in
404 relation to the investigation performed for such client;

(d) Continue an investigation for a client when it becomes obvious to the investigator that a successful completion of an investigation is unlikely without first so advising the client and obtaining the client's approval for continuation of the investigation; or

(e) Reveal information obtained for a client during an
investigation to another individual, except as required by law.
<u>SECTION 20.</u> Hearing and review of contested cases; governing
provisions. The provisions of the Administrative Procedures Act
govern all matters and procedures respecting the hearing and
judicial review of any contested case, as defined therein, arising
under this act.

417 <u>SECTION 21.</u> Exceptions to applicability of act. (1) The 418 provisions of this act do not apply to a public accountant and a 419 certified public accountant, or the agent of either, performing 420 duties relating to public accountancy.

421 (2) The provisions of this act do not apply to: S. B. No. 2524 \*SS26/R224.1\* 06/SS26/R224.1 PAGE 13 422 (a) A governmental officer or employee performing 423 official duties; A person engaged exclusively in the business of 424 (b) 425 obtaining and furnishing information regarding the financial 426 rating or standing and credit of persons; 427 (c) (i) 1. An attorney-at-law; An employee of a single attorney or single 428 2. 429 law firm, who is acting within the employee's scope of employment 430 for the attorney or law firm; or A consultant when such person is retained 431 3. 432 by an attorney or appointed by a court to make tests, conduct experiments, draw conclusions, render opinions, or make diagnoses, 433 434 where such services require the use of training or experience in a 435 technical, scientific or social science field. 436 (ii) These exceptions do not apply to any other person or company who otherwise provides or offers to provide 437 investigative services as described in Section 2 of this act; 438 439 (d) An insurance company, licensed insurance agent, or 440 staff or independent adjuster performing investigative duties in 441 connection with insurance business transacted; 442 (e) A private business employee conducting 443 investigations relating to the internal affairs of such business; 444 Any individual conducting investigative activities (f) in connection with the repossession of a vehicle; 445 446 An individual conducting undercover investigations (g) 447 meeting the criteria set forth in Section 26 of this act; or 448 (h) Any person duly licensed by the State of 449 Mississippi in another profession while such person is engaged in 450 activities within the scope of that profession. 451 An insurance adjuster claiming an exception to this act (3) 452 under subsection (2)(d) must be an employee of an insurance 453 company duly licensed to do business in this state, a licensed 454 insurance agent in this state or a staff employee of such an agent \*SS26/R224.1\* S. B. No. 2524 06/SS26/R224.1

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(or an independent adjuster performing investigative activity limited to matters directly pertaining to an insurance transaction). The employee of the insurance company, the insurance agent or employee thereof, or the independent adjuster or employee thereof, must be acting within the scope of that person's employment with respect to the investigative activity.

461 <u>SECTION 22.</u> Investigative arm of commission; access to 462 records; subpoenas. (1) The division of investigation is 463 designated the official investigative arm of the commission.

464 (2) Licensees are required to provide the investigative 465 staff all records kept within the normal course of business, as 466 they directly pertain to the exact nature of the complaint under 467 investigation.

(3) The commissioner is granted authority to subpoena to deposition those persons or documents necessary to any investigation undertaken under this act; provided, that all other means including, but not limited to, notification by return receipt registered United States Mail, have been exhausted and have not produced the desire results.

474 <u>SECTION 23.</u> Continuing professional education. (1) Each 475 individual licensee is required to complete six (6) hours of 476 continuing professional education acceptable to the commission in 477 each calendar year.

478 (2) The commission is encouraged to require that at least 479 one (1) hour per year of continuing professional education be 480 devoted to ethics.

481 (3) The commission shall promulgate such rules as are482 necessary to carry out this section.

483 <u>SECTION 24.</u> Training. (1) Any person or company offering 484 private investigator training for a fee must first be certified by 485 the commission. The commission shall ensure that the instructors 486 employed by the training company possess both the experience and 487 academic credentials to ensure that the curriculum and instruction 5. B. No. 2524 \*SS26/R224.1\* 06/SS26/R224.1 PAGE 15 488 of the training company will be beneficial to those seeking to 489 enter the profession. In order to qualify as a certified 490 trainer/instructor, the trainer:

(a) Must be at least twenty-one (21) years of age;
(b) Has at least three (3) years of supervisory
experience satisfactory to the commission with an investigative
company or proprietary entity, or with any federal, United States
military, state, county or municipal law enforcement agency; and

496 (c) Is personally qualified to conduct the training497 required by this section.

498 (2) A certified trainer may, in the trainer's discretion,
499 instruct personally or use a combination of personal instruction,
500 audio and visual training aids.

501 (3) To assist in the implementation of the training program, 502 the certified trainer may use as an assistant trainer any person 503 who:

504

(a) Is at least twenty-one (21) years of age; and

505 (b) Has at least one (1) year of experience with an 506 investigative company or any United States military, state, county 507 or municipal law enforcement agency.

508 (4) A certified trainer may be an employee of a private 509 investigative or proprietary agency. If the applicant is not so 510 employed, the applicant must be licensed as a company under the 511 provisions of this act.

512 (5) The certified trainer shall certify to the successful 513 completion of the training and shall submit such certification to 514 the commission.

515 (6) The training program, fees and requirements shall be 516 established by rules promulgated by the commission.

517 <u>SECTION 25.</u> Penalties. Any person violating the provisions 518 of this act, or any rule promulgated hereunder, shall be guilty of 519 a misdemeanor punishable by a fine not to exceed Two Thousand Five

520 Hundred Dollars (\$2,500.00) and imprisonment not to exceed eleven 521 (11) months, or both fine and imprisonment.

522 <u>SECTION 26.</u> Exemption from licensing requirement. (1) An 523 individual exempted by Section 21(2)(g) of this act from the 524 licensing requirements for private investigators must be:

525 (a) Employed by and under the control of a licensed526 private investigation company;

527 (b) Employed by a private business entity, the internal 528 affairs of which are the subject of investigation by the 529 individual; and

530 (c) Engaged only in investigating the internal affairs531 of the private business entity by which they are employed.

(2) A private investigation company employing an individual exempted by Section 21(2)(g) of this act shall be held responsible for the actions of that individual in such individual's capacity as an undercover investigator as if that individual was a licensed private investigator.

537 **SECTION 27.** This act shall take effect and be in force from 538 and after July 1, 2006.